

The AMERICAN OBSERVER

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Madison

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AUGUST 27, 1934

NRA Organization to Undergo Changes

Shift to Joint Control, Like Late War Industries Board, Considered Imminent

QUESTIONS OF POLICY DEBATED

Attention Given to Opposition of Labor, Business and Consumer Groups

Reports and rumors that the NRA was to be reorganized and that General Johnson was to step out as chief administrator of the government's industrial control machinery have been so numerous during the last few months that they have come to be regarded rather skeptically. But it actually appeared last week that a change in the NRA set-up was imminent as the colorful general announced that he would take a vacation. News hawks fell upon this bit of information as indicating that Johnson was stepping out so that the proposed reorganization might take place. All rumors were put at rest, however, when the general, after an hour's conference with the president, announced that he would remain NRA's chief for an indefinite period, at least until the reorganization plan is put into effect, and maybe longer.

Reorganization Plan

It has been known for some time that Johnson favored a plan by which the whole NRA would pass from a one-man to a board control. The skeleton for such a plan was placed on the president's desk by the general before Mr. Roosevelt left on his vacation cruise. That is as far as the matter went at that time. Since their return to the capital, however, both the president and Johnson have given considerable thought to the question of reorganization, and there is little doubt that important changes will be made within the next few weeks.

There are several reasons why a new set-up for the NRA is held to be desirable and necessary. The official explanation is that with the end of the period of code-making—codes for nearly all industries have now been drawn up and approved—the function of the NRA will consist primarily of administering the new machinery and of working out an effective system of code-enforcement. Admittedly, it is impossible for one man to do all that, and it is well known that Johnson has been doing the work of about ten men during the last year. It has been too much. Besides, the arrangement has left a lot of loose ends—lack of coordination, overlapping of functions, friction between various branches, and, in certain cases, inefficient administration.

There is, of course, another reason for the proposed change—a reason not given officially, but one which nevertheless has had a great deal to do with bringing about the decision. The general, in his zeal to codify American industry and to put the new industrial machinery into smooth operation, has heaped upon his head the wrath and opprobrium of many groups. His rhetorical jabs at those who did not see eye to eye with him on matters of policy have stirred up bitter antagonism at a time when cooperation was so essential to the program.

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HENRY T. RAINEY

Henry T. Rainey

Henry T. Rainey had the distinction of presiding over the House of Representatives during one of the most important sessions of Congress in history. As speaker he played a major part in piloting President Roosevelt's legislative program through the congressional mill—a program with which he was in entire sympathy. His death is sincerely regretted by the many who knew him in Washington and in his native state of Illinois.

The late speaker was born in Carrollton, Illinois, in 1860. He went to Amherst College where he graduated in 1883. He then took a law course and for seventeen years practiced law in his home town. Politics claimed him in 1902, and he was elected to the House of Representatives. Then began a long period of service which was only interrupted for a two-year period by the Harding landslide of 1920, a poor year for any Democrat. Length of service and an unusual ability for making and holding friends finally brought him to the speakership as successor to John N. Garner.

Along with his legal and political career Henry T. Rainey was a farmer. Much of his energy and interest was devoted to building up his farm in Carrollton, and when his duties did not require him to be in Washington he liked nothing better than to remain quietly at home with his Holstein cattle, his pedigreed dogs and his herd of deer.

It follows that he was a student of agricultural problems. He took an active part in every legislative battle looking toward the improvement of farming conditions. He maintained that the nation could not be prosperous unless agriculture was placed on a sound footing. But despite the fact that his major interest was in farming, Mr. Rainey did not ignore the industrial worker. He argued that the worker should be protected from what he termed "the menace of the machine." In addition to shorter work days and work weeks he favored a greater distribution among the working people of the savings resulting from machine methods.

These are the things Henry T. Rainey stood for and he held to them for many years. He was not a great man, not a dynamic leader. He was persistent, kindly and reliable. He did not drive men but attempted to lead them with a gentle persuasiveness which often proved singularly effective. Many did not think him strong enough to hold the speaker's reins over a turbulent Congress. In fact it was hinted on various occasions that President Roosevelt would have preferred another man. But in retrospect his record stands out impressively. He had an unruly House to manage. Yet, the New Deal program was enacted without much difficulty. His influence will be missed when the House assembles again.

Recovery in England Studied by America

Balanced Budget for Two Years and Steady Employment Increase Are Hopeful Signs

BUT REVIVAL HAS BEEN SPOTTY

Experts Claim Permanent Recovery Awaits Expansion of Foreign Trade

Envious and admiring eyes have been turned toward Great Britain of late by many Americans who are proclaiming that our English cousins are just a little more adroit than we in the handling of economic problems. We hear it said frequently that England is experiencing a phenomenal recovery, and that we have but to study her methods and apply them at home to enjoy similar good fortune. The English budget, with its surplus for this and last year, is often contrasted with our huge deficit in this connection. However, there is great difference of opinion among those who have examined the English situation closely as to whether their problem is substantially the same as ours, and whether they are really on the road to a sound and lasting recovery.

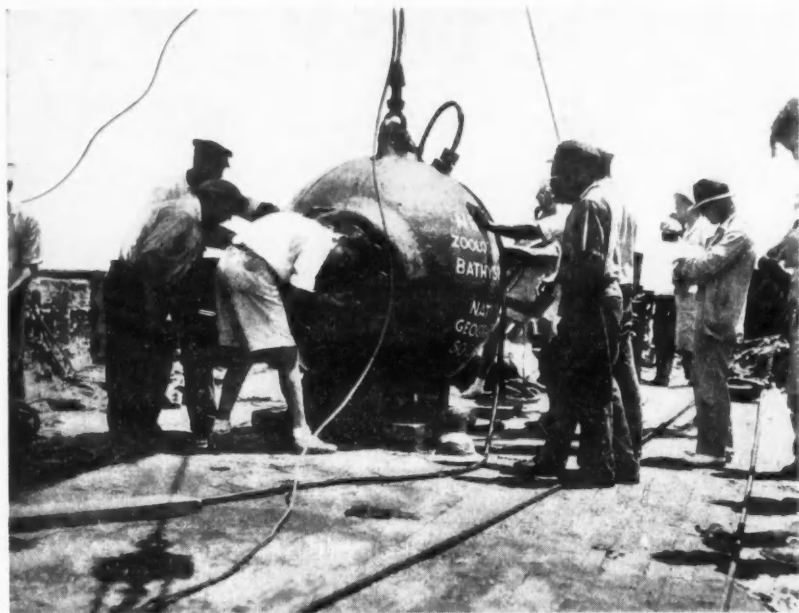
Roots of Crisis in War

Like most nations, England traces the rough road she has traveled for more than a decade back to the World War. During the two years immediately following the World War British industry climbed to a fair peak of prosperity. People all over the world went in for an orgy of buying to replenish depleted stocks. Prices and wages rose in England, employment increased, and by the middle of 1920 England was enjoying a temporary boom. As 1920 drew to a close, however, strikes and unemployment swept the country. By July, 1921, over 2,000,000 people, in a population of 42,000,000, were without work. From that point on matters grew progressively worse, with unemployment fluctuating between the 2,000,000 and 3,000,000 mark.

In 1926 England went through its great "general strike." At that time one-sixth of the total working population went out on strike, and all the workers in the following industries were affected: mining, transportation, printing, heavy chemicals, iron and steel, metals and building. Volunteers were drafted from all classes to keep industry moving, and 250,000 special constables were deputized to protect the volunteers. For nine days England was held fast in the clutches of this strike, just as San Francisco was throttled recently by the general strike staged there. Public opinion and strong governmental action broke the English strike in much the same way that the San Francisco strike was broken.

England's real crisis came in 1931, however. In the late summer of that year the government noticed with alarm that the country's gold reserve was rapidly approaching the vanishing point. For many years England had been forced to accept an unfavorable trade balance; that is, she was buying more from foreign countries than she was able to sell abroad. This meant that gold must be sent out of the country to make up this unfavorable balance.

(Concluded on page 7)



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IT WAS IN THIS BATHYSPHERE THAT DR. BEEBE AND A COMPANION RECENTLY SANK MORE THAN A HALF MILE DOWN INTO THE OCEAN

Notes From the News

Textile Strike Planned; New Planks; Aluminum More Important; Gruening Heads New Division; Education Needed; Niagara Falls Tumbling; Huey Rules

THEIR plans complete even to the choice of a war cry, "the company union must go," cotton textile workers are looking forward to a general strike in the industry September 1. Orders for the strike came August 16 from the New York convention of the United Textile Workers of America, a union affiliated with the American Federation of Labor and assured of its support.

With 500,000 workers expected to leave the cotton mills, union leaders predicted a complete shutdown of the industry. If the strike extends to other branches of the industry, such as silk and rayon, some 250,000 more will walk out.

The union desires a revision of the Textile Code and in addition to demanding a "universal system of collective bargaining on the basis of free choice of representatives by the workers," will ask for a thirty-hour week with forty-hour pay and a readjustment of minimum wage scales.

A similar strike called for last spring was averted at the last minute when General Hugh S. Johnson, National Recovery administrator, and Thomas F. MacMahon, union president, reached an agreement. Sentiment is much stronger now, however, and it is claimed that the only hope is for intervention by President Roosevelt.

La Follette's Platform

Senator Robert M. La Follette of Wisconsin, seeking reelection in an independent race, has announced his "personal platform." Comprehensive and containing many planks, it was built around these four:

"1. The farmer is entitled to a profit on his investment above the cost of production.

"2. Labor must have the right to organize without interference from employers. There must be shorter hours, a shorter week, and wages which will give a comfortable life.

"3. The people should control credit through a government owned central bank, which will make centralization of credit in private hands impossible.

"4. If private employment fails, then the government should provide every person willing and able to work with a job at decent wages."

Other planks called for federal and state development of electric power, public ownership of all railroads, increased veterans' allowances and immediate payment of the bonus, and a referendum before a declaration of war except in case of actual invasion.

Age of Aluminum?

The recent closing of six plants of the Aluminum Company of America due to labor troubles has aroused public interest in the metal which, though an industrial necessity today, was a laboratory curiosity

a generation ago. Some engineers are now going so far as to predict that the next metal age will be the Age of Aluminum.

Aluminum is lighter than steel, harder than cast iron, conducts electricity better than copper, and is practically non-tarnishable. And although the supply of many of the common metals may eventually become exhausted, the supply of bauxite, the ore from which aluminum is made, is almost unlimited.

Beginning with kitchen utensils, the use of aluminum has been extended to hundreds of common articles such as automobile parts, house shingles, cables for electric current, weather-strips, vacuum cleaners and many others.

Heil Huey!

The Louisiana Hitler-Stalin-Mussolini, Senator Huey P. Long, wields a heavier scepter every day. A special session of the legislature, called by his henchman, Governor Allen, has passed measure after measure increasing his power until he is now an actual dictator. The twenty-seven bills change Louisiana from a democracy to an "authoritarian state," and the Kingfish plans to be the "authority."

Senator Long kept active control of the legislators as they handed the state over to him. When a small anti-administration minority in the House put through an anti-lobbying rule to keep him off the floor, he strode up and down the aisles of the Senate laughing and yelling, the Kingfish in all his glory.

Fist fights on the floor of the House were frequent during this most disorderly session of the never calm Louisiana legislature. A photographer was slugged in

the State House lobby, and many opponents of the Long faction were arrested in the building.

The Louisiana "dictatorship" is being watched with interest by the rest of the country as primary time approaches. As the *Christian Science Monitor* puts it, "Senator Long has taken over the law—it remains to be seen what the popular sentiment of an American state will do about it."

War on Illiteracy

Further offensives in the present administration's "national war on illiteracy" are announced by the Federal Emergency Relief Administration in the shape of plans for an increased enlistment of unemployed teachers. The goal is the employment of 40,000 teachers now out of work and the enrollment of at least 2,000,000 youths and adults at present not reached by state educational programs.

When the campaign was begun last year, Colonel Howe, secretary to the president, stated that the United States contained more than 4,000,000 totally illiterate persons and an additional 8,000,000 near illiterates. The answer to this condition is the taking over of the work by the F. E. R. A.

Saving Niagara Falls

When a slice of rock 200 feet long, 30 feet wide and weighing some 30,000 tons recently toppled off the lip of the Horseshoe Falls of Niagara, it again raised the question of what can be done to prevent these rock slides and preserve the beauty of the falls. Although nothing has ever been done, it is evident from the report of a special International Niagara Board in 1930 that saving Niagara is a practicable project.

The existence of Niagara Falls is due to the peculiar geologic formation of the river bed. Normally a river bed is gradually worn away by eroding sand and gravel. In this case there is no sand and gravel. The river bed is of a hard substance known as dolomite, with a layer of soft shale below. As the water eats away the soft rock underneath, the hard layer of dolomite above is left without support and breaks off of its own weight. Because the breaks always leave a vertical wall, successive crumbings have not spoiled the falls.

The Niagara Board suggested placing obstructions diagonally across the bottom of the river above the falls to lessen the rate of erosion. To sightseers these obstructions would look like natural rock ridges. If this were done the power plants would be able to withdraw more water from the river, and for this reason the United States has kept the plan from being put into operation. The government believes the enterprise is too important to be trusted to private interests, and prefers to wait until it can be made a government project.

In the meantime, the crest of the falls keeps receding at the rate of 3.7 feet a year. But at least several more generations of honeymooners will be able to enjoy the scenic wonder, for scientists predict that not until the year 25053 will the sixteen miles of river between Niagara and Lake Erie become merely a series of rapids and cascades.

U. S. Joins I. L. O.

The United States is now officially a member of the International Labor Organization, President Roosevelt having exercised the authority given him by a joint

resolution of Congress on June 19. A detailed account of the work of the I. L. O. appeared in *THE AMERICAN OBSERVER* of August 20. The note of acceptance emphasized that in joining the I. L. O. the United States was not in any way obligated by the Covenant of the League of Nations.

Looking After Our Possessions

The Division of Territories and Island Possessions has just been created as a new part of the Department of the Interior. Its director is Dr. Ernest Gruening, editor and author, who is an authority on Caribbean and Latin American matters. Because this new division will handle the affairs of Hawaii, Alaska, Puerto Rico and the Virgin Islands, it is regarded as one of the most important of the United States government.

The present is a critical time politically and economically for three of these four areas. Hawaii wants to become a state;



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DR. ERNEST H. GRUENING

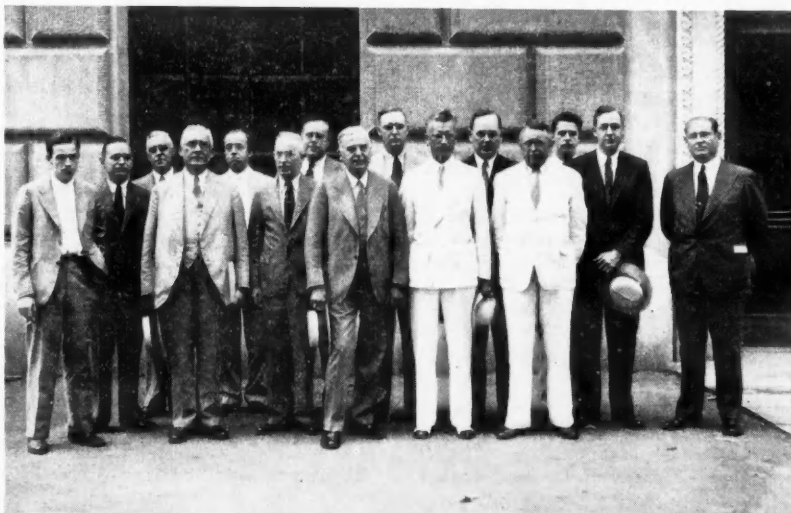
with almost 90 per cent of its 360,000 inhabitants Oriental—50 per cent Japanese—the minority of Americans fear losing control of the government. Puerto Rico, suffering from a severe agricultural and economic depression, is demanding relief from what it terms the "economic despotism" of the United States. The Nationalist party wants complete independence; everybody wants at least home rule. The Virgin Islands have been poverty stricken ever since the Eighteenth Amendment ruined their rum trade, the only real industry. Alaska alone presents only the ordinarily difficult problems of government.

That each of these possessions shall be reasonably prosperous and content is of vital importance to this country. Hawaii and Alaska are essential to national defense. With a hostile power controlling them, the entire Pacific Coast would be in danger. Our prestige in Latin America depends largely upon conditions in Puerto Rico and the Virgin Islands.

The appointment of Dr. Gruening is regarded in Washington as a particularly happy choice. He has lived in Spanish-speaking countries and knows their temperament and problems. Also his years in the field of journalism demonstrated his force and initiative. As managing editor of the *Nation* he exposed in 1920, for the first time, the events surrounding the United States occupation of Haiti and Santo Domingo, which eventually led to a senatorial inquiry. Dr. Gruening has served on numerous commissions, acting as general adviser to the United States delegation at the last Pan-American Conference, and having just returned from Cuba after making an economic and social survey there as a member of a commission sent by the Foreign Policy Association at the request of President Mendieta.

Mr. Richberg's Proposals

Donald R. Richberg, appointed by President Roosevelt to work out plans for reorganizing NRA, recently recommended a threefold program to attain the following ends: (1) Coordination of AAA and NRA activities to maintain a balanced control of industry and agriculture; (2) coordination of other emergency activities, including housing, relief and public works, and to maintain these activities at a proper pitch in relation to other policies; (3) elimination of conflicts between the NRA, the Federal Trade Commission and the Justice Department, and the development of clear-cut policies of all government agencies.



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REGIONAL ADMINISTRATORS OF THE FEDERAL HOUSING COMMISSION

AROUND THE WORLD

Austria: The upshot of the conference between Premier Mussolini of Italy and Chancellor Schuschnigg of Austria, held at Florence last week, is a further cementing of the ties between the two European powers. The Austrian leader gave indubitable evidence that he intends to pursue the policy which his predecessor, the late Chancellor Dollfuss, had launched. Closer Italo-Austrian coöperation is now the pillar of Austria's foreign policy.

The conversations between the two statesmen covered both political and economic subjects. In the political field, it was agreed that the absolute independence of Austria should be maintained at all hazards. In this objective, Italy has the support of France and Great Britain which, in the recent crisis, stood shoulder to shoulder with Italy in insisting upon the maintenance of Austrian independence. It is understood that Mussolini and Schuschnigg agreed upon an exact formula by which this condition should be fulfilled. Whether this would involve the use of Italian military force was not revealed, though it is practically certain that such a question was broached during the conversations.

In order to improve economic conditions in Austria, which many believe to be at the bottom of all the political troubles, the two leaders agreed to work for an enlargement of the Rome protocol, concluded a number of months ago among Italy, Austria and Hungary, by which reciprocal trade concessions were granted. It is now the desire of Mussolini and Schuschnigg to bring other countries into this arrangement, so that Austria may receive concrete benefits in the form of a revival of a moribund foreign commerce.

The Schuschnigg-Mussolini conversations were handled with considerable speed, as the Austrian chancellor was in Florence less than twenty-four hours. However, many attached significance to Schuschnigg's method of departure from Florence. He motored to Genoa, and was thus obliged to pass through Viareggio where the ex-empress Zita is spending the summer. It was whispered about that the Austrian chancellor, who has monarchistic sympathies, wanted to take up the question of the restoration of the monarchy with Zita. It does not appear likely, however, that progress along that line will be made for some time, as all parties concerned, with the possible exception of Zita, have agreed that the time is not yet ripe to risk the consequences of an attempted Hapsburg reenthronement.

* * *

U.S.S.R.: For several months now, relations between Japan and Soviet Russia have been strained, at times almost to the breaking point, as a result of negotiations over the Chinese Eastern Railway. For fourteen months the two countries have been trying to come to terms over the sale of the railroad, which is owned by the Soviets but operated jointly by Russia and Japan's puppet state, Manchoukuo.

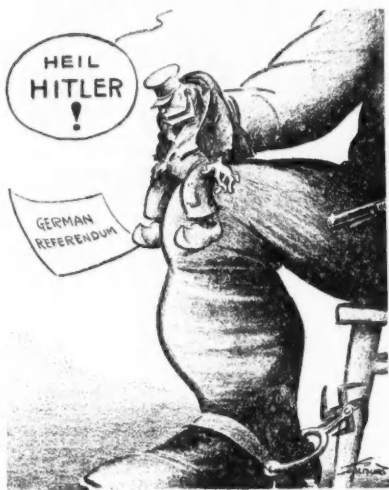
Only a few days ago the negotiations were reported to have broken down completely. The Japanese-Manchoukuoan representatives declared that they could not accept the Russian offer, although Moscow has cut its original price in five. The Japanese answer was a lower figure, which the Soviets declared they could not accept. And there the matter stands, about where it has stood all these months, except that the gap between the price offered and the price asked has narrowed considerably.

The whole episode has caused feelings to run high both in Japan and in Russia. Each country accuses the other of having bad faith. And a number of "incidents" on the

railroad have added fuel to the flames. Bandit attacks, murders and arrests of Soviet employees of the railroad, wrecks, and a host of other disturbances have been reported. These acts of violence, it is alleged, have been instigated by the Japanese government. Now the Russians fear that the upshot of the whole business will be the seizure of the Chinese Eastern by the Japanese if they can get it no other way.

* * *

Germany The only surprising feature of the plebiscite of August 19, when the German people voted on the question of



—Talburt in Washington News
THE VOICE OF THE PEOPLE

whether Adolf Hitler should assume the office of president as well as that of chancellor, was that more than 4,000,000 voters said "no." This was more than a tenth of the total votes cast. More significant than that, however, is the fact that it was twice as many "noes" as were registered at the last plebiscite of November 12, when the people voted on Germany's withdrawal from the disarmament conference. More than 1,000,000 ballots were thrown out last week because they had been spoiled by voters. How many of these would have reflected a negative vote will never be known.

As a result of the plebiscite Adolf Hitler becomes an absolute autocrat. He is obliged to listen to no one. Already as chancellor he was, for all practical purposes, dictator of the Reich, as the Reichstag had conferred upon him most of its legislative prerogatives. But by combining the offices of chancellor and president to make that of "leader-chancellor," the German people placed their stamp of approval upon whatever acts Hitler may take into his head to initiate. He is the sole arbiter of the German people. He has the right to declare war and to make peace. He alone may make treaties with foreign powers. He is supreme commander of all Germany's military forces, land, sea or air. If he so desires, he may employ force against any German province. In a word, what Hitler says goes, and no one can question him. He, more truthfully than Louis XIV, can say, "I am the state." This is a lot of power for a man who, four years ago, was not even a German citizen.

* * *

Cuba: The first commercial treaty to be concluded under the reciprocal tariff act passed at the last session of Congress was initialed at Havana last week. The American ambassador to Cuba, Jefferson Caffery, and the Cuban secretary of state, Cosmé de la Torriente, affixed their initials to the pact. It was planned to publish the terms of the tariff treaty later in the week at Washington, at which time a ceremony was

to be held at the Department of State. With the successful conclusion of this treaty, preparations are being made to negotiate with a number of other countries for reductions on import duties on American goods in exchange for similar concessions by the United States.

* * *

The Chaco Unable to bring Bolivia and Paraguay to terms in their two-year-old dispute over possession of the Gran Chaco, the rest of the world has resorted to tactics other than diplomatic negotiations. All the principal armaments exporting nations have agreed not to ship munitions to either belligerent. Last week Italy informed the League of Nations that she had joined the other seventeen principal exporters, including the United States, thus making the embargo practically complete. As a further step in making the embargo effective, the neighbors of both countries have agreed to prevent the shipment of munitions through their territory.

* * *

Ireland: As an aftermath of the Cork rioting between farmers and representatives of the Irish Free State government, the Irish Fascists, or Blue Shirts, headed by General Owen O'Duffy, last week adopted a resolution calling for the refusal to pay land taxes to the government so long as it persists in its trade war with Great Britain. The United Ireland party, official name of the Blue Shirts' political organization, voted in its annual convention to resist the seizure of land and cattle for defaulted taxes. Meanwhile, the rebellious farmers have continued their struggle against attempts of the government to seize cattle for unpaid annual land taxes.

The present controversy in Ireland is not a new political phenomenon. The question of land taxes goes way back into Irish history. It was one of the issues upon which Eamon de Valera and his party went before the voters in the last election. These land taxes, amounting to about £3,000,000 a year, were formerly paid to absentee landowners in Great Britain. De Valera and his party claimed that they should no longer go to the British. Accordingly, the semiannual payment was omitted June 30, 1932. They have not been paid since then. But the money has been collected from the Irish farmers nevertheless and used to finance the Irish Free State government.

Following the abolition of land annuity payments to Great Britain, the de Valera

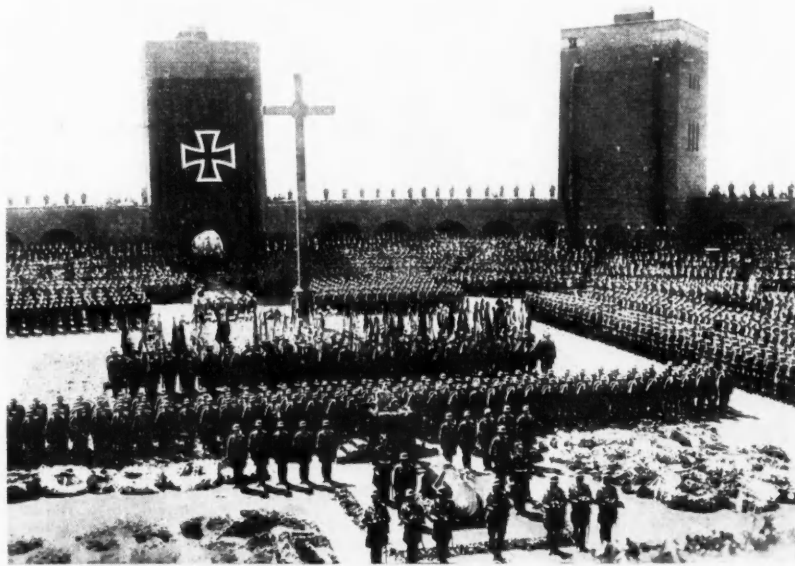
government took other steps regarded as hostile to the British. It abolished the oath of allegiance to the British king. The British lost no time in retaliating, and immediately clamped an import duty upon livestock and farm produce coming from the Irish Free State. This was the beginning of an economic war between the two countries which has continued to rage to this day. It was largely to oppose the economic policy of the new Irish government that O'Duffy organized his Blue Shirts.

* * *

France: Many in this country, who expect a European war within the near future, will find comfort in the views of Leland Stowe, Paris correspondent of the New York Herald-Tribune, who said in a recent dispatch that "no one can deny that momentous events are to be expected in Europe next winter, but only a maniac would start a fire in a hospital ward. Europe's hospital ward won't be vacated of patients for a long time yet, and that fact ought to count for something." The primary reason, according to Mr. Stowe, why war in Europe is not imminent is that every nation fears internal revolution or anarchy, which would preclude the carrying on of a successful international conflict. "It must be admitted," he writes, "that every European nation is so weakened, economically and financially, that every government feels assured that it would be abolished by internal explosions before any general conflict could be terminated."

* * *

Geneva: There will be no let-up in the efforts of organized Jewry to boycott German goods throughout the world. Rather the campaign will be intensified, according to a decision made by the boycott commission of the third World Jewish Conference which met at Geneva last week. Rabbi Stephen S. Wise of New York, who played a leading role at the conference, declared that there would be no relaxation of the boycott until Hitler's government has modified its policies "violating human freedom, political equality and the ideals of civilization." It was proposed at the meeting that a world center be established for the purpose of directing the boycott and making it more effective in the future than it has been in the past. The Jews feel that their boycott activities of the last year have been highly effective and that the present unsatisfactory economic conditions in Germany are in no small measure due to their anti-Hitler campaign.



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Overhauling NRA

On page one of this issue is an article on the present status of NRA, along with some of the plans which are under way for reorganization. The *Business Week*, a liberal business journal, believes that much of the NRA is worth salvaging, but that certain features of it should be thrown overboard at once.

Completely aware of the rising tide of criticism against NRA, its head, and its subordinate personnel, the president assigned Donald Richberg to study NRA and suggest plans for its future. Mr. Roosevelt meant business. NRA is about to get the complete overhauling it has needed these many months.

It certainly is high time. Dissatisfaction among business men has reached such a stage that unless thorough-going reform is effected promptly, there is real danger of a general revolt which would destroy the whole code system. That, in our judgment, would be a serious loss.

There is high salvage value in NRA. The fundamental principle of permitting business cooperation that used to be forbidden under the anti-trust laws is sound. So is the fundamental plan to enforce decent minimum wages and maximum hours, standards that were crumbling fast in the ferocious struggles at the bottom of the depression, just before NIRA was enacted. That NRA, and industries seeking undue privileges under it, have attempted to do many things that were unsound and impractical does not justify junking the whole structure.

The complaints of the business community against NRA are numerous and go to the root principles of good administration. Probably the most serious complaint is that enforcement of codes has been ineffective. One remedy for this is to rub out of the codes those provisions which are practically unenforceable. When that is done, it ought to be possible to set up effective compliance machinery.

Another fundamental criticism is that NRA never has developed firm, consistent policies on vital matters. An outstanding example is the question of price controls. The whole price situation was thrown into confusion by the president's order that bidders on government contracts be "permitted" to cut code prices up to 15 per cent. Bluntly speaking, there seems to be no sense to this order at all. If code prices are fair, the government should take its own medicine along with private business. If code prices are outrageous, the government ought to "crack down," for protection of the public and the government alike. But what is the general policy of the administration as to price regulation by code? Nobody can find out.

There is wide dissatisfaction with NRA labor policies—or lack of consistent policy. Now in all fairness, it ought to be admitted that no policy the government may adopt is going to satisfy everyone—or wholly please anyone. Differences between contending forces are too wide and feeling is too bitter. But certainly NRA ought to make up its mind what its policy is going to be and be clear about announcing it.

Minor complaints, but important because of the cumulative effect of a thousand small annoyances becomes important, deal with delays in getting action, the waste of time and effort involved in doing business with NRA, the growing air of bureaucracy around its headquarters, a growing disposition not to treat business men as "partners," in President Roosevelt's famous phrase, but to give orders.

General Johnson said this week the job had grown beyond one man's powers. That is true but that is not the whole trouble. Mere substitution of a board for one-man direction will not be enough. NRA must be completely overhauled.



—Carmack in CHRISTIAN SCIENCE MONITOR
LOOK OUT FOR THE EAGLE'S CLAWS

CWA Benefits

The Civil Works Administration was admittedly an expensive undertaking on the part of the government. But there is evidence that in some cases it permitted the accomplishment of projects which will prove of lasting benefit. The *St. Louis Post-Dispatch* comments on what the CWA did for the South in one region:

One CWA project in the South was of such importance that its benefits will equal the entire cost of the depression in that region within ten years, says an approving observer. He is Dr. Louis L. Williams Jr., in charge of malaria investigation for the Federal Health Service. The project was the war on the malaria-carrying mosquito, conducted by draining swamps and spraying breeding pools with oil. More than 6,000 miles of drainage ditches were built in the campaign, and 130,000 men were engaged in the work at one time, at a cost of \$1,000,000 in PWA funds.

Dr. Williams bases his optimistic statement on the assertion that the efficiency of persons in the malaria-infested districts is reduced one-third by the disease, and that the South's annual economic loss from this cause has been half a billion dollars yearly. The actual benefits cannot be measured in dollars and cents, of course, but there can be little doubt that the results will be immensely beneficial to the South. Mosquito eradication gave these unemployed men a living wage while performing a truly useful public work.

Public Defenders for All

Criticism of the existing legal system in America has never been lacking. But because the complaints have come from the outside, little has ever been done. Now a member of the American Bar Association comes forward with a constructive suggestion that, if put into effect, will revolutionize legal procedure. The *New York World-Telegram* gives its endorsement to the proposal for "regimentation" of lawyers:

Scientists gather to promote change and improvement. Lawyers usually foregather to honor the ancient and to propose not ethical change but delusive ethical buttresses for an outworn law system.

That is why it is so refreshing to hear Mayer C. Goldman, leader of the public defender movement, propose in a paper to the American Bar Association in Milwaukee compulsory public defense not only for paupers but for rich man, poor man, gangster and falsely accused.

He believes that this method would eliminate crooked criminal lawyers and their practices, reduce the advantage of the rich over the poor in the courts and simplify court procedure. Criminal trials now often are little better than squabbles between lawyers, with the judge as umpire. The court is not a social agency trying scientifically to reach the truth about the alleged crime. If the defense lawyer has an alienist to swear the defendant is crazy, the state hires an alienist to swear he is sane. If both alienists were hired by the state they would seek the truth.

We hope that the American Bar Association will seriously consider Mr. Goldman's proposal and resign its job as the curator of the dead bones of an archaic legal system and turn itself into a scientific expedition into the new realms of social progress.

Unemployed Voters

Never before have the public unemployment relief rolls been so large. As the fall elections draw near, the problem of whether or not to let these people vote is receiving much attention. A recent federal ruling prevents those receiving federal transient relief from voting. To a suggestion that this denial of suffrage be extended to all who are on the public charity lists, the *St. Louis Post-Dispatch* makes a strong answer:

The blue ribbon for the most reactionary and undemocratic proposal of the year undoubtedly goes to the New York State Economic Council. In a fifteen-point "recovery" program, the council says: "We favor the withholding from all persons receiving public unemployment relief the right of suffrage during the period in which such relief is being received." Explaining this remarkable suggestion, Merwin K. Hart, president of the organization, says: "If the millions now receiving relief should organize, as some have already done, they could hamstring any effort to bring about economic recovery."

Disfranchising the unemployed and needy would set up an economic qualification for the ballot entirely foreign to modern American institutions. It would aggravate these persons' economic plight by dangerous political repression. It would bar from the polls thousands of intelligent voters, out of work through no fault of their own.

And we should like the Economic Council to give us an introduction to any sane unemployed citizen who, having undergone the sufferings of the depression, now wants to "hamstring recovery."

A Cross of Silver Now

The administration's nationalization of silver, described in *THE OBSERVER* of August 20, met with much disapproval from editorial writers throughout the country. The following, from the *Nation*, differs from the others chiefly in that it is briefer and more definite:

Speculators and senators from the silver-producing states will rejoice in the administration's latest silver moves. The former are now in a position to dispose of their holdings of the white metal to the government at 50.01 cents an ounce, thus realizing a tidy profit, while the latter can go before their constituents this fall with proof of what a highly organized, determined minority can accomplish irrespective of the public welfare. The rest of us will foot the bill without any clear understanding of why the holders of silver have been singled out for a bounty. Actually, of course, the effect of the whole program has been greatly exaggerated by the press. The seizure of existing silver stocks is in itself of no particular importance, although the issuance of silver certificates at double the purchase price of silver may be expected to exercise a mild inflationary influence. As in the earlier gold-buying program, however, the effect is bound to be slight as long as purchases are confined to domestic sources. Consumer purchasing power,



—Herblock in Washington News
LOUISIANA—THERE SHE STANDS

except for the above-mentioned speculators, will be virtually unaffected, while the actual expansion of currency will be small in comparison to the credit contraction of recent years. Yet although a renewal of monetary uncertainty may tend to undermine business confidence, the most fundamental injury wrought by the new measure lies in the encouragement given to vested interests to strengthen their Washington lobbies. Not the least of the paradoxes involved, moreover, has been the announcement that the Chinese government is planning defensive measures against a step which has been heralded by its advocates as a means of restoring the purchasing power of the East.

Pension Publicity

Paying army pensions to men not actually entitled to them is a congressional vote-getting trick of long standing. An organization directly concerned has proposed a remedy for this evil, supported wholeheartedly by the *New York Times*:

One of the abuses of the federal pension system is the secrecy that often covers up its beneficiaries. The authorities, of course, know the names of the men getting an army pension, but their neighbors do not. There is no direct means of making them acquainted with the facts. In order to overcome this defect the National Commander of the American Veterans Association has proposed that Congress enact a law requiring that the names of all persons receiving a pension for war service be "publicly posted for a period of not less than thirty consecutive days during each calendar year with a statement of the annual amount received." If such a list is really a roll of honor, every pensioned veteran should be willing and proud to be on it. If, on the contrary, publicity of that kind would expose unworthy recipients of the government's favor, it would at least make them a little ashamed, and might deter others from pressing for a donation by the government which they do not deserve.

How Much Latin?

What constitutes good usage of the English language will never be settled. The most frequent arguments arise over the question of how much slang is permissible. The *Christian Science Monitor* makes its contribution to the undying controversy by ignoring slang altogether; the *Monitor* protests against too much replacement of Latin words by words of Saxon origin:

There is consternation in the ranks of those who protect the integrity of the English language. For the newspaper which most persistently demands that others shall write correct English has recently permitted itself not to write English at all. A supplement for which it demanded no charge was described not as "free," but as "gratis." It is widely felt that that word "gratis" was pulled up by no bucket dropped into the well of English pure and undefiled.

One of the few rules that the development of style, assisted by H. W. Fowler and the "Oxford Book of English Usage," has established of late years is that writers of good English prefer words of Saxon origin to those that smack of Rome. Fowler, indeed, felt so strongly on the subject that he even prepared a list of words of Latin extraction to be avoided. He liked doors to be "shut," not "closed," and preferred "tooth powder" to "dentifrice," while, if he felt curious on any point, it was his custom to "ask" rather than to "inquire."

Admirable as this is, some people will put in a mild plea that on occasion the English language may be permitted a slight assumption of the Roman toga. Truly, English words—words of Teutonic origin—are generally short, simple, sharp, vigorously expressive. But for sonorous phrases, one has to go to the long rolling words that hark back to Greece and Rome. The stately harmonies of Milton, the majestic periods of Sir Thomas Browne, such Shakespearean lines as "The multitudinous seas incarnadine"—all show that too rigorous a demand for English English, if made three centuries ago, would greatly have impoverished the language.

No wonder the Nazis want peace abroad. They are getting little enough of it at home.—*Detroit FREE PRESS*

The Republicans are gloomy about the rapid growth of bureaus, authorities, and commissions. It makes you tremble for your country to see so many jobs being held by the wrong people.—*The New Yorker*

Bobby Jones says that going through the movements of driving without using the ball is ideal training. What does Robert suppose we've been doing?—*Detroit NEWS*

WITH AUTHORS AND EDITORS

We read old books for their excellence, but new ones to share in the mental life of our time.—SATURDAY REVIEW OF LITERATURE.

Life on a Ranch

"A Cowman's Wife," by Mary Kidder Rak. New York: Houghton Mifflin Company. \$2.75.

MARY KIDDER RAK and her husband, Charlie, live on a ranch in southern Arizona. It is not a dude ranch where they go to while away their spare time or where they live between vacations in the East. It is just an ordinary home in the Arizona hill country where a living may be made with difficulty, looking after the cows—the chief source of income. This wife of a cattle rancher writes simply and beautifully, and she tells vividly the story of life on the ranch. There is no straining for effect. It is just an account of the day-by-day work and experiences on a cow ranch of Arizona. One who reads the story becomes acquainted with a pattern of life with which most of the people of our broad country are not very familiar.

Historical Poems

"A Book of Americans," by Rosemary and Stephen Vincent Benet. New York: Farrar and Rinehart. \$2.00.

THIS book has been off the press for several months. It was, as a matter of fact, reviewed a number of weeks ago in THE AMERICAN OBSERVER. We refer to it again because we would like to bring it to the attention of as many teachers of American history as possible. There is a bit of verse for every period of our history and for many of the prominent characters from Christopher Columbus to Woodrow Wilson. This book might well occupy a place on the shelves of every high school library, for the verses would do much to enliven the study of history. We are reprinting one of the verses descriptive of "Pilgrims and Puritans."

How Much Can We Produce?

Two years ago the *New Outlook* began the publication of a series of articles which created a great stir throughout the country. These articles dealt with the subject of Technocracy, and the import of them was that our capacity to produce goods was

growing much more rapidly than our capacity to distribute and consume them. We are moving, therefore, it was held, toward a state of permanent surplus. Unless this were to result in chaos, a reorganization of our economic society was declared to be imperative. Now the *New Outlook* has created another flurry, though a minor one, by publishing an article which sets out to establish a thesis the contrary of that proclaimed by the Technocrats.

In the August number, Robert R. Doane answers the question "Is it a surplus economy?" by saying that it is not. Mr. Doane, who until recently was chairman of the National Survey of Potential Productive Capacity, an investigation which is being conducted under government auspices, presents figures to show that even in 1929 we did not produce enough food to provide a decent standard of living for the American people. He contends further that we have never furnished satisfactory shelter for our people. He says that we have never developed a construction capacity by which we could supply our housing needs. Neither are we able to produce enough clothing to maintain even fair standards of clothing. America, he says, is not a land of plenty. It never has been because we have not yet learned how to produce enough to take care of our urgent needs.

A storm of criticism has greeted the publication of this article. Mr. Doane has been relieved of his position as head of the survey. The director of research of the survey declares his statements to be grossly inaccurate. Mr. Doane said, for example, that we need to build 2,000,000 new homes a year and "yet our capacity, due to present limitations in supplying materials, transporting them and in construction technology, will not permit today in America the building of more than 200,000 such structures per annum." Yet critics of this statement are able to point out that 700,000 homes were built in 1928. The *New Republic* makes the further point that Mr. Doane does not touch the real heart of the problem. Everyone admits, even the Technocrats do, that not enough was produced, even in the boom days, to supply

the needs of the American people. But more was produced then, under the existing economy, than people could buy, and that is what threw us into chaos. Furthermore, it may contend that production has never reached anything like capacity. If we were not under the limitations of a profit economy, and if all known processes were utilized, we might produce far more than we ever have. Yet Mr. Doane does not go into that question at all. Hence, according to such critics as the editors of the *New Republic*, he misses the actual controversy.

A Slap at Republicans

"It is no new thing for a political party to be caught in a jam," writes John Corbin in the September *Scribner's*, "but never before have we seen an appeal so ignoble to popular ignorance and terror."

That is the indictment which Mr. Corbin, who since Grover Cleveland has "voted for every Republican candidate for president," makes against the Republican leaders in the present congressional campaign. They are inconsistent (consistency was never an attribute of politics), he says, by raising a cry against federal control and bringing out of the closet the old Democratic principles of states' rights and individual liberty. Mr. Corbin not only reminds the Republicans of the shift but goes to some length in pointing out that the American Constitution itself superseded the Articles of Confederation because the former arrangement failed to work at all satisfactorily for the simple reason that there was not sufficient federal control. Mr. Corbin writes:

The Constitution of 1787, like the New Deal, was primarily an instrument of national control, of effective planning. As regards both men and money it bestowed upon the nation power over individuals—if you will, the power



ROBLES AND A WOLF

(An illustration from "A Cowman's Wife.")

of "regimentation." No sooner was it put to work than an era of national dignity and prosperity dawned which continued with minor and transient interruptions down to 1929.

One at the New Dealers

Although approaching the subject of the New Deal from a different angle, H. L. Mencken, writing "Notes on the New Deal" in the August *Current History*, is vitriolic in his denunciation of the experiments which have been conducted by the Roosevelt administration. His major criticism, perhaps, is against the lack of direction which he summarizes as follows:

Of late, I observe, the spokesmen of the Brain Trust have begun to abate their tall talk about planning, and to speak of experiment instead. Experiment it is—in a dingy and unclean laboratory, with cobwebs choking the microscopes, and every test tube leaking. Such experiments are made by bulls in china shops, and by small boys turned loose in apple orchards. What, precisely, is the general idea underlying them in the present case? No one in Washington seems to know, and least of all the *Führer*. It remains, in fact, an unanswered question in the town whether he inclines toward the Left or toward the Right—which is to say, whether he is really for a Planned Economy or against it. One day the extreme revolutionaries seem to have the upper hand, and we are headed full tilt for communism, and the next day we beat a disorderly retreat to the Democratic platform of 1932. I dare say that most Americans would welcome any Planned Economy that showed the slightest sign of working, if only for the sake of getting rid of doubt and suspense, but how is the one we now hear of going to work so long as no two of its proponents agree as to where it is heading, or what it can accomplish, or what it is? How is it going to work so long as its devices are abandoned almost as fast as they are launched?

French Political Crisis

Can the French republic survive? That very interesting question is asked by Sisley Huddleston in the July *Contemporary Review*. Mr. Huddleston does not presume to give a certain answer to the question, but he is quite doubtful. The French, like other peoples, are beset by difficult economic questions, and it is not at all certain that the political leaders can guide the nation safely through the crisis. One trouble is that parties, organized nationally, have such a loose hold upon voters that they amount to very little. There is no party discipline. A member of the Chamber of Deputies cannot easily be whipped into line to stand for policies which take into account the whole nation. He is likely to think of his own district exclusively. He does not cooperate with other deputies. He does not think nationally. It is hard, therefore, to get stable majorities, and that means that it is difficult to work out stable and continuous national programs.

Pilgrims and Puritans

The Pilgrims and the Puritans
Were English to the bone
But didn't like the English Church
And wished to have their own
And so, at last, they sailed away
To settle Massachusetts Bay.

And there they found New England rocks
And Indians with bows on
But didn't mind them half as much
(Though they were nearly frozen)
As being harried, mocked and spurned in
Old England for the faith they burned in.

The stony fields, the cruel sea
They met with resolution
And so developed, finally,
An iron constitution
And, as a punishment for sinners,
Invented boiled New England dinners.

They worked and traded, fished and farmed
And made New England mighty
On codfish, conscience, self-respect
And smuggled aqua-vitae.
They hated fun. They hated fools.
They liked plain manners and good schools.

They fought and suffered, starved and died
For their own way of thinking
But people who had different views
They popped, as quick as winking,
Within the roomy local jail
Or whipped through town at the cart's rail.

They didn't care for Quakers but
They loathed gay cavaliers
And what they thought of clowns and plays
Would simply burn your ears
While merry tunes and Christmas revels
They deemed contraptions of the Devil's.



EARLY NEW ENGLAND BOILED DINNER
(An illustration from "A Book of Americans")

The NRA in the Midst of a Transition

(Concluded from page 1, column 1)

efficient functioning of the experiment. Better results, it was held, would be attained if the administration of the NRA were conferred upon more poised individuals.

Board Proposed

Just what form the reorganization will take is not fully known at this time. General Johnson himself has wavered on this point. He is known to have favored a board of administrators each of whom would have



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GENERAL HUGH S. JOHNSON

charge of a definite field of NRA activities. At other times, the general has preferred a board composed of six or nine members who would act as a unit over the whole NRA, formulating policies and administering affairs in much the same way a board of directors does in a private corporation. Johnson seems to have urged the president lately to reshape the NRA along the lines of the War Industries Board, of which he was a member, which ruled American industry during the war. That being the case, each member of the board would take charge of a certain group of industries and the board as a whole would determine policies and general questions of administration. It is very likely that Johnson will remain a member of the new board, in which case his responsibilities would be reduced and he would no longer act as a lone pilot.

Problems Confronting the N. R. A.

The contemplated revamping of the NRA organization, important though it is, is by no means the most serious problem connected with the administration of the National Industrial Recovery Act. The NRA, as an instrument of recovery, has been subjected to heavy fire for many months. And not all the attacks have been made by those who want to put the administration in a tight spot politically. Many of them have come from friends of President Roosevelt. Not a small number have been made within the NRA. Some have come from other agencies of the government. But the most serious complaints by far are those which have been made by groups directly affected by the new system of industrial control, such as labor and business men and consumer interests. In a word, it is no longer a secret that the NRA has not worked as was hoped when the experiment was launched last year and that the breakdown has been fairly serious.

In the main, the difficulties besetting the

NRA are threefold. As yet no satisfactory solution of the labor problem has been found. The Roosevelt administration has enunciated no clear-cut labor policy and employer-employee relations are among the most baffling problems with which the NRA has to cope. Secondly, the tide of opposition from certain business interests, particularly the small business man, the "little fellow" as he has been referred to, has risen to such proportions that it has left the NRA in a quandary. The third problem, somewhat related to the second but differing in most respects, deals with prices and the reaction of consumers to the NRA program. It is upon the successful solution of these three conflicts that the future of our present experiment in industrial control will largely depend.

The labor problem arises largely from the fundamental contradiction between the avowed objectives of the National Recovery Act. The act was designed to raise wages, and, at the same time, to increase profits. President Roosevelt has declared that the aim of the NRA is to give "fair wages and fair profits." The question of

wages was the first to be attacked. Starting with the Blue Eagle drive, before specific codes were drafted, employers were urged to boost the wages of their workers. Minimum wage rates were imposed first through the blanket code for all employers and later through the special codes for each industry. These rates were not abnormally high; in fact, they were so low that many people claimed at the time that they would not give the workers a decent living. But they did constitute an improvement, and the workers thus benefiting were better off than they had been before. In order to live up to the wage standards, employers were obliged to cut into their profits or their surpluses. Their costs of production were raised. They had, of course, the hope of reaping greater profits in the future, as the increased purchasing power all along the line would create a greater market for their goods, but, at that time, it was merely a hope. Higher wages and better profits could not take effect simultaneously. The two were mutually exclusive at the beginning. Some doubted that industry would ever be able, or willing, to raise wages sufficiently to add greatly to the national purchasing power because of the effect such a policy would have upon their profits.

Labor Claims

Now, labor claims that it has not fared as well under the NRA as it had been led to hope when the act was passed. While a great hullabaloo has been raised over section 7-a of the act—the section which gave labor the right to organize and bargain collectively—that is merely secondary to the main issue, the securing of better working conditions for labor. In the strike called for the textile industry about September 1, estimated to affect more than three-quarters of a million workers, one of the grievances of labor is the application

of the so-called "stretch-out" system by which one worker is obliged to tend an ever-increasing number of machines. In this way employers are able to circumvent the spirit of the NRA, the while abiding by the strict letter of the law. They are able to turn out as many goods with fewer workers and thus keep their wage bill from mounting, even by adhering to the minimum standards.

And labor declares that in most cases the NRA wages are pitifully low. As proof of this, they cite the experience of the CWA. It is admitted that one reason why the program of "made-work" was discontinued last spring was that workers, especially in the South, were leaving their jobs in the factories to take CWA jobs because the wages were higher. The majority of CWA workers received from nine to fourteen dollars a week.

Up to now, the NRA has taken a half-way position on the labor issue. At times it has supported labor in its demands for better conditions. At times it has yielded to the employers. The result is that in most cases it has given satisfaction to neither group. Both capital and labor feel that the NRA has served the interests of the other side. The wave of industrial disputes now engulfing the country, which threatens to raise the 1934 level higher than for a number of years, is a fair indication of the gigantic labor problems with which the NRA will have to deal.

Monopolistic Trend

The second major difficulty on the NRA docket deals with competition. The cry has been raised that the new industrial program fosters monopoly. This charge was upheld by the Darrow report, issued a few months ago, which concluded that "codes are developing a monopolist trend and are doing injury to small industrialists and business men." By suspending the anti-trust laws, it is claimed, the NRA has enabled the giant corporations to fix prices and follow other practices which are literally putting the small business concerns on the rocks. There is at present a fairly serious controversy between the NRA and the Federal Trade Commission on this subject. The Trade Commission is known to favor strict enforcement of the anti-trust statutes, thus giving competition free play, while the NRA officials take the opposite position.

Small business men contend that the great monopolies have had their own way in laying down code provisions and that they now dominate the various code authorities. The policy of price-fixing itself is injurious to the small concerns and strengthens the hold of monopoly which, with its great aggregations of capital and more efficient methods, is able to corner more and more of the market. But the small concerns denounce most vehemently the minimum wage provisions of the codes, which, they claim, are forcing many of them out of business. In these little organizations, the item of wages looms much larger

in the costs of production than it does among the giant corporations, and by having to meet higher wage costs they are unable to compete with the others. It may be that the NRA will be unable to solve this problem, for it is not new in our economic development. There are many astute students of economics who believe that the day of monopoly capitalism is here to stay and that, NRA or no NRA, the trend cannot be reversed.

Consumer Interests

Finally, it is charged that employers have used the codes as an excuse to gouge the consumer. A number of concrete instances have been given to demonstrate this "chiseling." The price of many products manufactured from cotton textiles, such as overalls and sheets, has risen out of all proportion to the wage increases and the processing tax. The maintenance of high prices, prices sufficiently high to insure ample profits, has been the major concern of industrialists even before the inauguration of the NRA. With the suspension of the anti-trust laws this tendency has been accelerated and it has now become one of the important problems confronting the Roosevelt administration. Rexford Guy Tugwell, one of the president's closest advisers, recently commented upon this situation as follows:

We have not succeeded in convincing industrialists and business generally that concern for volume of production and low overhead costs per unit ought to come ahead of concern for price. Unlike agriculture, industry caters to an elastic demand, which is far from being satiated. Unless we can induce industry to relinquish its fondness for rigid prices, for profits regardless of purchasing power, then we are in for years of trouble.

On top of all these truly fundamental problems, which the NRA will have to meet sooner or later, comes the disquieting report from Secretary of Labor Perkins that there was a really serious slump in business during July. The decline was more than seasonal—more than that which is expected during the summer months when inventories are taken and there is a general let-down. Unemployment was again on the up-grade. It may be that the expected fall pick-up will materialize, but with the industrial skies clouded with actual and threatened strikes and with private business failing to respond actively to governmental stimulation the immediate future is, to say the least, uncertain.



—Brown in New York Herald-Tribune
A LITTLE BIRD TOLD HIM

Has Great Britain Turned the Corner?

(Concluded from page 1, column 4)



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NEVILLE CHAMBERLAIN

ance. A wave of mass meetings of the unemployed, riots in London, Liverpool, Glasgow, and other large cities, and a naval mutiny involving over 8,000 men also helped to destroy confidence in the future of England. Creditors commenced to withdraw their gold, and Britain was unable to meet the demand. The crisis had arrived in full force.

England could do nothing at this point but "go off the gold standard." This meant that England could no longer continue to redeem its currency in gold. Immediately the English pound fell from \$4.86 to \$3.49 and continued to fluctuate between \$3 and \$4. Shortly thereafter the present National government under Ramsay MacDonald was elected, and proceeded to look over the wreckage to see what might be salvaged.

While there was no general agreement on what should be done to save England, there was unanimity of opinion on the causes of her downfall. The World War had impoverished England's best customers, among these being Germany and the Danubian states. The fact that England's machinery and factories were not harmed by the war was more of a curse than a blessing, for although England still had its machinery, much of it was antiquated and not capable of efficient production. Besides this England had suffered a tremendous loss of markets to the United States and Japan during the World War. During this period the United States gobbled up much of Britain's trade in Latin America, and Japan made vast inroads on English trade in China and India. Again, the high tariff barriers set up by countries all over the world seriously curtailed England's exports. To this must be added England's tremendous war losses. Her total war expenses were in excess of \$40,000,000,000, and her foreign and domestic debt burden since the war has hovered in the vicinity of \$35,000,000,000; the largest governmental debt in the world today.

Unemployment

Unemployment figures for the beginning of 1932 showed slightly over 3,000,000 Englishmen unemployed. This would correspond to about 9,000,000 unemployed in this country. The National government points with pride to the way conditions have improved in England since that time. The following quotation from Mr. Bruce Bliven in the *New Republic* of July 11, 1934, will serve to illustrate the trend:

It is true that in certain ways, things are better in England. Unemployment has been decreasing steadily since the beginning of 1933, and is now around the 2,000,000 mark, about the same that 6,000,000 would be in the

United States. British exports, after declining steadily for seven years, leveled off in the middle of 1932, and have since held their own at some 70 per cent of the 1924 level. Wage rates have also leveled off, having declined only about five per cent in the last nine years. Building has shot up in the last two years until it is 60 per cent above the 1924 level, and unemployment in the building trades is now only about 20 per cent, having been 30 per cent when the depression was at its worst. The general index of business activity is back to the 1929 level, which was 110 per cent of 1924. As everyone knows, Great Britain has lately had a surplus in her budget, and the government has made the handsome gesture of reducing the basic income tax by sixpence in the pound.

Is It Recovery?

Nevertheless, despite these reassuring figures, there is grave doubt that England is experiencing a permanent recovery. The present revival in England may be traced largely to three factors which cannot be depended upon to continue indefinitely. The first of these is the stimulus given to domestic industries by the tariff bars set up by the National government. Under the protection of high tariff walls, infant industries have sprung up recently in Great Britain. The building of plants and factories to supply these domestic products has given a temporary boom to the building and allied industries. The building trade has also been stimulated recently by the accumulated demand of ten years. Just as in this country little building has taken place for five years, England has had little construction work since 1924. The time arrived in England when some building and construction work had to be done of necessity, and this has improved employment conditions somewhat. The third stimulus to trade is an ominous one at best. The war scare in

tion displaying the utmost willingness to obtain preference for their goods, but being unwilling to accord preference to the goods of other parts of the empire. The effort did not expand England's export trade materially.

This failure to expand England's export trade has resulted in a very "spotty" English recovery. Improvement in trade has been spread very unevenly over different sections and different industries. The south of England has fared much better than the north, or Scotland, and Wales, and the basic exporting industries have not been doing as well as the newer industries which cater principally to home consumption. Again, to quote from Mr. Bliven's article in the *New Republic*:

At the same time, there are several industries that are still badly hit, and they are among Great Britain's most important. Coal exports are bumping along at the lowest figure of the depression, 60 per cent of normal, and a third of the coal miners are unemployed. Shipbuilding, which last year went as low as 17.5 per cent of the 1924 average, had only got up to 33.5 per cent in April of this year, and unemployment in this trade had shrunk only from 60 to 50 per cent. While the output of crude steel has almost doubled since the middle of 1932, and the output of pig iron has increased by two-thirds, unemployment in this industry is still 30 per cent. The cotton-textile trade, on a basis of the raw cotton delivered to the mills, has recovered only half of what it had lost since the beginning of 1927, and unemployment is still 20 per cent.

Depends Upon World Trade

Few people would care to deny that England has improved her situation in the last two years. Nevertheless, the consensus of expert opinion is that England must remain geared industrially to the world market, and that she cannot have a real



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RAMSAY MACDONALD

Because England has had to face serious unemployment and social unrest for many years she is inclined to smile at the mention of our "new deal." Most of the Roosevelt reforms have been slowly put into English law during the last thirty years and are anything but new to the British. Our new Stock Exchange Act is modeled on the old British Companies Act passed years ago. Section 7-a merely gives American labor rights the English worker has enjoyed for decades. President Roosevelt now proposes old-age insurance. This reform was passed in England in 1908. The president is also proposing to set up a national unemployment insurance system. England has had unemployment insurance since 1912, and it now covers over 12,000,000 workers. These reforms are an accepted part of the English economy today, and few people would venture to suggest that they be repealed. In the characteristic British style of attacking only the immediate problem before them, England began adopting new deal reforms in piecemeal fashion many years ago. Lord Elton, a former Laborite, is now an active supporter of the present National government. He is firmly convinced that England is experiencing a real recovery because she has slowly built up her "new deal" over a long period of years. The way in which these reforms were incorporated into English law has been described by Lord Elton in the August, 1934, number of *Current History*:

Britain's "New Deal"

It has been entirely characteristic of the British tradition to concentrate successively, one by one, upon the immediate tasks which brooked no delay, scarcely at first giving a thought to the wider problems of long-term reconstruction which loomed behind them; or perhaps continuing to hope vaguely that "something would turn up," to spare us the painful necessity of reflecting upon them.

The great code of social legislation, unrivaled anywhere in the world, which has grown up in Great Britain during this century was never constructed according to plan. The Unemployment Bill, for example, which reached the statute book this June, is only the culmination of a series of what in the past were often half-despairing reactions to the imperious necessities of the moment. Yet today our insurance scheme stands forth as a complex and majestic code. Not only is it, humanly speaking, on a permanently solvent basis, but it is actually able to increase substantially what is already the most generous treatment of the unemployed in the world. And this at a moment when most other industrial countries, the dictatorships conspicuously not excepted, find themselves compelled to impose fresh sacrifices upon their working people. Yet nothing is more certain than that none of those who originated the scheme in 1912, with its maximum benefits of seven shillings a week, can have imagined in his wildest dreams its expansion to the present elaborate and comprehensive code.



TOWER BRIDGE, LONDON

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Europe has contributed its share to English employment through large orders for arms and ammunition. Should the war clouds pass, this form of employment will pass with them.

In 1932 England set her sails toward the goal of a self-sufficing British Empire. Under this plan England was to obtain preference for her goods in the English dominions, and in return was to grant preference to dominion raw products and food sent in exchange to England. Most observers concede that the attempt has been a failure. Instead of drawing the empire more closely together, the result has been jealousy and constant bickering, each sec-

recovery on the basis of domestic trade alone. It is pointed out that England is primarily a manufacturing and exporting nation. Less than ten per cent of her population lives on farms, and sixty per cent of her food supply must be imported. She cannot attempt to rely on her own agriculture and live in a state of isolation. The ultimate solution to her economic difficulties therefore would appear to lie in a sustained revival of trade and industry, based on an expanding export trade. Most critics agree that it is only through large exports of coal, iron, steel, and textiles, and a revival in the shipping industry, that England can truly prosper.



The National Capital Week by Week



A Record of the Government in Action



PRESIDENT ROOSEVELT and agricultural officials are tackling drought problems from many angles. Because of the possibility of a serious shortage of feed for livestock, the president recently signed a proclamation authorizing the waiving of import duties on hay and certain other forage. He acted under authority of the 1930 Tariff Act, which permits suspension of import duties in time of emergency.

The administration's chief anxiety relative to the drought is that it will skyrocket food prices. It is true that the government has been vigorously attempting to raise the general price level, and particularly the level of farm prices. Back to 1924-1926 prices has been its objective. But it does not want this advance to occur overnight. It sees in the present upward movement unhealthy signs. City workers, alarmed by rapidly rising food prices, are demanding higher wages. Therefore, while the administration will continue to press for a gradually higher price level, it will make every possible effort to check a too rapid rise.

Consumers' Council

One way by which the Department of Agriculture will try to prevent food profiteering is through the Consumers' Council, which is part of the AAA. The Council publishes a "Consumers' Guide" and issues releases to the press. By these means it hopes to reach the individual housewife and make her price-conscious. It will act as a clearing house for price information and pressure will be brought on individual merchants against whom complaints of profiteering are made.

Partly as a result of drought and partly for other reasons, business has failed to make the gains looked for at this time of year. The summer slump has been more enduring than was anticipated, in spite of the fact that the government poured \$700,000,000 into the industrial structure from July 1 to August 13. This was nearly twice the amount that was spent by the government during the same period last year. These heavy expenditures were expected to prime the pump and to stimulate a decided upturn this fall. Now, however, it seems that the fall spurt will be belated and not as marked as was anticipated.

Work-Relief Projects

It is this inability of business and industry to get going that is at the bottom of increasing labor troubles. Labor leaders are becoming more militant in their demands that unemployed people be given the opportunity to work for their livelihood. The longer business lags the greater necessity there is for employers and industrial management to reduce wage costs, thus adding to the general restiveness of workers. It is a vicious cycle and one which, if not checked, darkens the hope of the immediate future.

It is rumored that the government may go into business even more extensively during the coming winter than before, in order to make work for the unemployed. In addition to plans for another CWA, the announcement has been made that 60,000 unemployed women are being put to work making mattresses in 650 sewing rooms throughout the country. This work is being carried on through the Federal

program. They defend self-help schemes of this character on the ground that the people who receive the finished products could not otherwise buy them. Moreover, such projects give really productive work to the unemployed and at the same time train them along lines that may enable them to find work later. Then, too, relief officials point out that if the unemployed are able to produce for themselves, the

both among labor leaders and business men, by its quick but well-considered decisions.

Its most important decision, however, is yet to come. It must meet the burning issue of majority-minority representation for collective bargaining purposes. The A. F. of L. favors having the union to which the majority of workers in an industry belong, represent all the workers in dealings with employers. But most employers argue that every worker, regardless of whether he belongs to a union or not, should have the right to choose whom-ever he desires to represent him in the matter of bargaining with employers. The employers take this stand, according to the A. F. of L., for the purpose of keeping workers split into small factions, rendering it impossible for them to become strong and united. The employers, on the other hand, say that the A. F. of L. is trying to bring about a "closed shop" in industry (that is, the complete unionization of workers).

National Economic Council?

In answer to those critics who point out that the NRA and the AAA work at cross purposes, Secretary of Agriculture Wallace, in a recent address, urged the creation of a National Economic Council to coordinate the government's activities in industry and agriculture. This was not the first time that such a council had been proposed. But owing to Secretary Wallace's prominent position in the administration, it would seem that he had some authority for putting forth this suggestion.

As proposed by Mr. Wallace, the council would attempt to solve the question of NRA (see page 1). It would coordinate activities of this body and AAA and probably make policies for both of them. It would study causes and trends of unemployment. It would continue studies now being made to determine which industries would fail to survive if they were not subsidized in one way or another by taxpayers, and which industries pay such low wages that their workers must receive help from relief agencies. Moreover, it would recommend permanent industrial legislation to the next Congress.

The new council, said Mr. Wallace, could be set up within the bounds of the Constitution. It would be able to cover the foreign and domestic situation and reach decisions quickly. It would have representatives of the farmer, laborer, banker and consumer, with the government acting as umpire. Declaring that ninety per cent of the people want to avoid a Communist or Fascist dictatorship, Mr. Wallace urged that some means be established to make "our political democracy" function more properly. The council which he has in mind would create an "economic democracy," giving agricultural, labor and financial interests their just rights.



—Harper in Birmingham AGE-HERALD
NOT A GOOD WAY TO MAKE PROGRESS

Emergency Relief Administration. Plans are under way for an extension of this type of relief work. Already, relief workers are making a wide range of clothing and canned goods. Many of the plants have been set up in factory buildings that private industry has had to abandon in the last three or four years. Although the finished products turned out by these workers are only for the use of unemployed and will not be sold on the general market, the FERA is receiving a flood of complaints against what is called "government competition."

Relief officials, however, do not intend to let up one iota in the carrying out of this

relief burden is thereby lightened. With factories lying idle, as well as men and women, they believe the prudent course is to bring the two together.

The Labor Scene

With the prospects of more serious capital-labor disputes during the fall and winter, a growing interest is being centered on the National Labor Relations Board, headed by Lloyd Garrison. Labor men are well pleased with the board's activities thus far. They say that it is developing a "punch." As a matter of fact, it is making sharp decisions, to the point, and wasting no words. It has gained prestige,

Something to Think About

1. What would be the advantages of a reorganization of the NRA along the lines of the old War Industries Board?
2. If you were asked to formulate policies for a permanent system of industrial control what changes would you inaugurate? Would you attempt to prevent the trend toward monopoly?
3. Do you believe that the Roosevelt administration will, sooner or later, have to adopt a definite labor policy? Give full reasons for your answer.
4. Explain why increased wages place a greater burden upon the small industrial concerns than upon the large organizations.
5. To what three causes is attributed the striking recovery in Great Britain during the last year and a half? Do you consider them sufficient to insure permanent recovery?
6. What indications are there that Great Britain may never recover her former economic position among the nations of the world? Is the British decline due to the 1929 collapse?
7. Compare the national debt of England with that of the United States. Do you think the great per capita difference of national indebtedness between the two countries indicates that the United States can continue its spending program without endangering the national credit? Why?
8. Why does permanent prosperity in England depend so largely upon general world economic conditions?

9. Why, in your opinion, would it be to Russia's advantage to sell the Chinese Eastern Railway, even at a heavy financial loss?

10. What, according to Leland Stowe, is the most potent factor contributing to the prevention of an early war in Europe? Do you find his thesis logical?

11. Do you believe that the government should allow unemployed workers to produce their own goods, as it is doing by allowing them to manufacture mattresses?

12. "The proposed textile strike is not likely to settle any of the fundamental difficulties of that industry." Is that statement true or false? Explain.

13. What are the arguments for and against depriving people on government relief of the right to vote?

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PRONUNCIATIONS: Cosmé de la Torriente (coss-may day lah tor-ree-ain'tay—o as in or), Il Duce (eel doo'chay), Viareggio (vee-ah-red'jo—o as in go).